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RE: Fitchburg Gas and Electric Light Company, D.T.E. 99-84 (Compliance Filing)

Dear Ms. French:

On August 22, 2001, the Department of Telecommunications and Energy (ADepartment@) directed Fitchburg Gas and Electric Light Company (AFitchburg@) to file a service quality (ASQ@) plan that complies with the guidelines established by the Department in Service Quality Standards for Electric Distribution Companies and Local Gas Distribution Companies, D.T.E. 99-84 (2001). On October 29, 2001, Fitchburg proposed a single SQ plan that applied the Guidelines for its gas and electric divisions. On November 7, 2001, the Associated Industries of Massachusetts, the Attorney General, the Division of Energy Resources, The Energy Consortium, and Power Options, Inc. filed joint comments on all the SQ plans submitted by the gas and electric distribution companies, including Fitchburg.¹

¹ These commenters urged the Department to approve the proposed SQ plans, subject to the certain company-specific modifications and any other modification as may be required after further investigation. The commenters specifically sought changes to Fitchburg's SQ plan with respect to the maximum penalty level.

On November 14, 2001, the Department requested that Fitchburg revise its proposal and file separate SQ plans for its gas and electric divisions. The Department also requested Fitchburg make other changes to incorporate the directives in our recent Order on Motion for Clarification, D.T.E. 99-84-B as well as to maintain consistency among all the electric distribution companies' SQ plans. Fitchburg filed two revised SQ plans on November 16, 2001.²

The Department has reviewed the electric division's SQ plan.³ We conclude that it incorporates the Guidelines and the directives in our recent Order on Motion for Clarification, D.T.E. 99-84-B, as well as maintains consistency in the SQ plans among all the electric distribution companies' SQ plans. In Investigation into the Quality of Electric Service, D.T.E. 01-71, the Department is reviewing application of SQ plans filed pursuant to D.T.E. 99-84. At the conclusion of that proceeding, the Department may determine that modification of SQ plans is appropriate. Therefore, the Department approves Fitchburg's SQ plan for its electric division, subject to modification (D.T.E. 01-71 Town of Lunenburg public hearing, Tr. at 7, ln. 6-9, Exh. 1, at 2 (Nov. 26, 2001)). The Department will accept written comment on the electric division's SQ plan until January 30, 2002.

In provisionally approving this filing, however, the Department distinguishes between regulatory requirements and managerial objectives. The Department is mindful of Fitchburg's managerial goals and related judgments concerning particular initiatives that may be seen as appropriate for system-wide implementation. Such judgments reside with management and no intrusion on the proper sphere of management is contemplated by the Department. This view is consistent with general utility law. Holyoke Street Railway v. Department of Public Utilities, 347 Mass. 440, 446 (1964); New England Telephone & Telegraph Company v. Department of Public Utilities, 262 Mass. 137, 146-151 (1928). Accordingly, if managerial objectives make it appropriate for Fitchburg to produce a single SQ plan for distribution to employees, Fitchburg may do so and file with us such an umbrella plan for informational purposes. Such a filing would supplement the approved individual compliance filings that the Department will use to measure the quality of electric service provided by Fitchburg's gas and electric service.

² On November 20, 2001, Fitchburg provided two corrections to its filings.

³ The Department will review the SQ plan for Fitchburg's gas division separately.

In keeping with the individual compliance approach set forth in this Order, the Department reiterates that penalty offsets and credits may not be carried forward by the individual divisions from the year for which they are calculated to a late

performance year; nor may credits be transferred from one division to another in any year. Each division will be judged on its own performance for each performance year.

By Order of the Department,

James Connelly, Chairman

W. Robert Keating, Commissioner

Paul B. Vasington, Commissioner

Eugene J. Sullivan, Jr., Commissioner

Deirdre K. Manning, Commissioner

cc: D.T.E. 99-84 Service List